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Crop Insurance for Hay & Pasture 1978

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Ontario

Insurance for Hay & Pasture 1978

Your protection against the high cost of buying livestock feed in a drought year.

Hay and pasture are important crops to many farmers in Ontario. All too often drought in some part of the Province causes severe hardships to livestock producers who have to pay high prices for feed. This insurance plan provides a way for livestock producers to protect themselves against the high cost of buying livestock feed in a drought year.

The drought peril

This insurance plan provides protection in the event an insured farmer suffers drought. Excess moisture or rain can result in poor quality feed and very difficult harvesting conditions.

However, it seldom results in lack of production. Drought, on the other hand, means a shortage of feed regardless of quality or management.

This plan is different

Hay and pasture is difficult to insure under the conventional methods of a production guarantee because it is almost impossible to record an accurate actual yield. The difficulties arise because production from hay fields and pasture is harvested in so many different ways: dry hay as large or small bales, haylage, grass silage, zero grazing, to name just a few. As well, pasture is an important source of feed but could not be insured in the past because there was no practical way to measure pasture yields.

Research has shown that the amount of legume and grass growth can be predicted for certain known weather conditions during the growing season.

These predictions can be used instead of measured yields as a basis for insurance.

How the plan works

This plan uses a computer to establish long-term normal yields for various areas of the province using weather data from the last 50 years or more. The computer "simulates" forage growth using daily calculations of the growth and accumulates them over the whole growing season. These calculations are based on daily temperatures, hours of sunlight and rainfall. Growth is considered to begin in the Spring, after there have been ten days of temperature over 5°C.

Since the computer calculates growth each day, it is important to have daily rainfall records. It also means that a number of small rains may have a different effect than one large rainfall.

Once the long-term normal yield is established it forms the basis for comparison for the insured farmer for the year he insures. The actual year a farmer is insured, the computer is again used to predict his "actual" yield using regional data on daily temperature and hours of sunlight, and the farmer's own daily reading of rainfall along with rainfall records from nearby farmers and check-stations.

Establishing coverage

The computer calculates the simulated "actual" yield, compares it with the simulated "normal" yield and expresses it as a percentage. Crop Insurance will make a claim payment if the farmer's simulated yield for the year he is insured is less than 80% of the established long-term normal yield. The extent of the claim depends on how severe the drought has been.

for example:

"Actual" Yield as a Percentage of Normal	Claim as a Percentage of Total Coverage
100% (i.e. normal)	0
80%	0
70%	20%
60%	40%
50%	60%
40%	80%
30% or less	100%

If an insured farmer purchased \$1,000 worth of coverage and the computer, using the system described, showed that the insured farmer has 60% of a normal yield, he would have a 40% claim which would be 40% of \$1,000 or \$400.00.

Insuring the farmer

The final date for application for this plan is **May 1st, 1978.** (May 15th in Northern Ontario). A farmer may purchase the coverage he wishes up to a maximum as follows:

Category I: Intensively cultivated hay or haylage acres. Farmer is using good management, fertilizer, cutting on time, keeping up population of good grasses and/or legumes, rotating, etc.

Maximum coverage \$200.00/acre

Note: Maximum coverage available in Category I for Northern Ontario is \$125.00/acre.

Category II: Long-term pasture or hay acreage that is cultivated. Generally the rougher pasture areas have been farmed, broken up, etc.

Maximum coverage \$25.00/acre

Farmers may, of course, buy less than the maximum coverage if they wish.

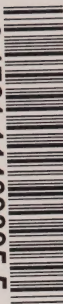
Cost

The farmer's cost is calculated as a percentage of the coverage purchased.

\$3.00 per \$100 worth of coverage or 3% of the value of the insurance.

For example, if a farmer purchased \$5,000 worth of coverage, his cost would be \$3.00 per \$100 coverage or $\$3.00 \times 50 = \150.00 .

Premium due is payable at time of application or renewal.

**Government subsidy**

The farmer's premium has been reduced by government subsidy. The Federal Government pays for 50% of the premium cost. The Provincial Government pays all the administrative cost. As a result, the actual cost to the farmer is considerably less than $\frac{1}{2}$ of what the program would cost without subsidy.

Rainfall records

This plan recognizes that rainfall can vary significantly in any one year from area to area. To provide for this each farmer insured is required to keep daily rainfall records on his own farm and submit them to the Commission. Proper rain gauges and record forms will be supplied to each insured farmer. Check-stations will be set up across the Province.

Farmers not submitting the proper required rainfall records may lose their opportunity for a claim.

Claims settlement

Claims will be settled in the Fall after the growing season is over and the weather records are in. Since weather records are received and verified from a large number of farmers and check-stations, calculations cannot be made for some weeks after the growing season ends in September.

Credit protection

Crop Insurance can be used as security on crop production loans. You can assign your right to indemnity to a second party. Just let us know and we will send a confirmation of your assignment of interest to the other party involved.

Deadline for application

Applications for this plan must be in the hands of your Crop Insurance Agent by May 1st. (May 15th in Northern Ontario).

Where to apply for insurance

Trained agents are located in every community. If you don't already know your local Agent, call your local Agricultural Office—or write:

THE CROP INSURANCE COMMISSION OF ONTARIO
Legislative Buildings, Toronto, Ontario M7A 1B7
Telephone: (416) 965-1811

